Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

Message Text

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PAGE 01 KHARTO 00786 01 OF 02 230927Z
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UNCLAS SECTION 1 OF 2 KHARTOUM 0786

E.O. 11652: N/A
TAGS: BEXP, ECON, EINV, US, SU
SUBJECT: COMMUNIQUE OF INAUGURAL JOINT MEETING OF SUDAN-US BUSINESS COUNCIL

1. FOLLOWING IS COMMUNIQUE ISSUED AT CLOSING OF INAUGURAL MEETING OF SUDAN-US BUSINESS COUNCIL. FULL REPORT ON COUNCIL MEETING FOLLOWS BY SEPTEL.

2. BEGIN COMMUNIQUE: THE SUDAN-US BUSINESS COUNCIL HELD ITS INAUGURAL JOINT MEETING IN KHARTOUM ON FEBRUARY 19-22, 1978. THE SUDANESE DELEGATION WAS CHAIRED BY EL SAYED FATH AL RAHMAN AL BASHIR, CHAIRMAN OF THE SHARAF GROUP OF COMPANIES, AND INCLUDED SEVENTY SENIOR REPRESENTATIVES OF PUBLIC AND PRIVATE SECTOR COMPANIES. WILTON E. SCOTT, CHAIRMAN OF TENNECO, INC., LED A DELEGATION OF SEVENTY BUSINESS EXECUTIVES REPRESENTING AMERICAN COMPANIES.

E. H.E. GAAFAR NIMEIRI, PRESIDENT OF THE DEMOCRATIC REPUBLIC OF THE SUDAN, INAUGURATED THE COUNCIL MEETING. IN HIS ADDRESS HE NOTED THAT HE HAD FIRST CONCEIVED OF THE FORMING OF THE COJNCIL FOLLOWING HIS TRIP TO THE UNITED STATES IN 1976, AND HE EXPRESSED HIS SATISFACTION WITH THE FACT THAT THE IDEA HAD BORNE FRUIT. HE PLEDGED HIS FULL SUPPORT AND THAT OF HIS GOVERNMENT TO THE COUNCIL'S PROGRAM, AND SAID THAT IT COULD PLAY AN IMPORTANT ROLE BY ADVISING
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PAGE 02 KHARTO 00786 01 OF 02 230927Z

THE GOVERNMENTS OF THE SUDAN AND THE UNITED STATES OF POLICIES WHICH WOULD STRENGTHEN BILATERAL ECONOMIC RELATIONS.

4. THE ECONOMY AND THE DEVELOPMENT PLAN: A STATEMENT ON THE SUDANESE ECONOMY AND THE DEVELOPMENT PLAN WAS PRESENTED BY DR. NASSER EL DIN MUSTAFA, MINISTER OF NATIONAL PLANNING. DELEGATES AGREED THAT THE PRIVATE SECTOR AND FOREIGN

Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

INVESTMENT WOULD PLAY AN IMPORTANT ROLE IN ACHIEVING THE PLAN'S OBJECTIVES, AND FURTHER AGREED THAT THE PLANNED PUBLIC SECTOR INVESTMENTS IN AGRICULTURE, INFRASTRUCTURE AND RELATED SECTORS WOULD STIMULATE THE PRIVATE SECTOR EXPANSION.

5. THE COUNCIL WELCOMED THE NEWS THAT THE MANY INCENTIVES CONTAINED IN THE THREE EXISTING INVESTMENT LAWS MIGHT BE CONSOLIDATED INTO A SINGLE COMPREHENSIVE LAW, AND THAT CONSIDERATION WAS BEING GIVEN TO THE ESTABLISHMENT OF A SINGLE GOVERNMENT AGENCY TO ADMINISTER THE LAW AND PROMOTE INVESTMENT. NOTING THE PRESIDENT'S INTEREST IN SOLICITING THE OPINIONS OF THE COUNCIL, IT WAS AGREED THAT A COMPREHENSIVE ANALYSIS OF THE ISSUES WHICH SHOULD BE ADDRESSED DIRECTED TO THE APPROPRIATE AUTHORITIES.

6. DURING THE DISCUSSION OF THE SUDANESE ECONOMY WHICH FOLLOWED THE PRESENTATION, THE MEMBERS NOTED THAT THE AMBITIOUS DEVELOPMENT TARGETS MIGHT CREATE INFLATIONARY PRESSURES, WHICH WERE DESCRIBED AS TEMPORARY AND TRANSITIONAL IN NATURE. THE COUNCIL ALSO DISCUSSED THE CAUSES OF THE SUDAN'S CURRENT FOREIGN EXCHANGE SITUATION AND AGREED THAT THE STEPS BEING TAKEN TO ALLEVIATE IT WOULD STIMULATE EXPORTS AND ATTRACT FOREIGN INVESTMENT.

7. THE COUNCIL MEMBERS DISCUSSED THE HUMAN RESOURCES
UNCLASSIFIED

UNCLASSIFIED

PAGE 03 KHARTO 00786 01 OF 02 230927Z

AVAILABLE IN THE SUDAN TO IMPLEMENT INDUSTRIAL PROJECTS, AND AGREED THAT THE FOREIGN EXCHANGE REMITTANCES RETURNED TO THE COUNTRY BY SUDANESE WORKING IN NEARBY ARAB COUNTRIES WERE A POSITIVE CONTRIBUTION TO THE COUNTRY'S ECONOMY. THE COUNCIL NOTED THAT THESE EXPATRIATE SUDANESE WOULD RETURN TO THE COUNTRY AS DEVELOPMENT PROCEEDED AND EMPLOYMENT OPPORTUNITIES INCREASED. TO FACILITATE THE ACHIEVEMENT OF THE DEVELOPMENT GOALS THE COUNCIL AGREED THAT ADDITIONAL MANAGEMENT AND TECHNICAL TRAINING PROGRAMS SHOULD BE IMPLEMENTED.

8. KEY SECTORS FOR DEVELOPMENT: THE COUNCIL MEMBERS REVIEWED SPECIFIC SECTORS OF THE DEVELOPMENT STRATEGY IN A BRIEFING WHICH WAS ADDRESSED BY PROFESSOR A.A. ABDULLAH, MINISTER OF AGRICULTURE; SAYED YAHIA ABDEL MAGEED, MINISTER OF IRRIGATION; DR. BESHIR ABBADI, MINISTER OF INDUSTRY; AND SAYED HAROUN EL AWAD, MINISTEKG NYXUQEEYAQ

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Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

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PAGE 01 KHARTO 00786 02 OF 02 230934Z
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UNCLAS SECTION 2 OF 2 KHARTOUM 0786

9. MEMBERS REITERATED THEIR SUPPORT FOR THE PLAN'S EMPHASIS ON AGRICULTURE AND RELATED INDUSTRIES, AND AGREED THAT THE EXPANSION OF INDUSTRIES USING DOMESTIC RESOURCES WAS A SOUND STRATEGY. THE GOVERNMENT'S CONCERN ABOUT THE EFFECTS OF INDUSTRIALIZATION WAS SUPPORTED BY THE DELEGATES. IN SPECIFIC TERMS THE COUNCIL SUGGESTED THAT THE PLAN BE STUDIED IN DETAIL TO IDENTIFY SPECIFIC PROJECTS SUITABLE FOR JOINT VENTURE IMPLEMENTATION, AND FURTHER RECOMMENDED THAT EFFORTS TO IDENTIFY POSSIBLE JOINT VENTURE PARTNERS BE INCREASED.

10. FINANCING INVESTMENT IN THE SUDAN: THE COUNCIL MEMBERS EXPLORED DOMESTIC AND INTERNATIONAL ASPECTS OF FINANCING INVESTMENT IN THE SUDAN, AND A PANEL OF EXECUTIVES REPRESENTING SUDANESE FINANCIAL INSTITUTIONS REVIEWED A VARIETY OF WAYS IN WHICH CAPITAL CAN BE MOBILIZED FOR INVESTMENT IN PRIVATE SECTOR VENTURES. IN DISCUSSING THE CRITERIA USED TO EVALUATE PROPOSALS, MEMBERS NOTED THAT THE PROJECTS NEEDED TO HAVE A DEMONSTRATED FINANCIAL FEASIBILITY IN ORDER TO ATTRACT FOREIGN CAPITAL, BOTH FROM THE UNITED STATES AND FROM ARAB COUNTRIES IN THE REGION.

11. THE ESTABLISHMENT OF A SINGLE INVESTMENT AUTHORITY WAS SUGGESTED AS A WAY OF COORDINATING THE SUDAN'S INVESTMENT PROMOTION EFFORTS, AND DELEGATES AGREED THAT MORE RESOURCES SHOULD BE DEDICATED TO THE
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PAGE 02 KHARTO 00786 02 OF 02 230934Z

ATTRACTION OF POTENTIAL INVESTORS TO THE SUDAN. IN ADDITION, THE GOVERNMENT WAS URGED TO TAKE ADVANTAGE OF EXISTING INVESTMENT PROMOTION TRAINING PROGRAMS SPONSORED BY INTERNATIONAL INSTITUTIONS TO INCREASE THE NUMBER OF

Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

OFFICIALS WITH EXPERIENCE IN DEALING WITH INVESTORS.

12. CONCLUSIONS: IN THE CLOSING REMARKS TO THE MEETING BOTH CHAIRMEN EXPRESSED THEIR SPECIAL APPRECIATION FOR PRESIDENT NIMEIRI'S ACTIVE PARTICIPATION IN THE COUNCIL MEETING, AND SAID THAT THE SUCCESS OF THE INAUGURAL MEETING WAS DUE IN CONSIDERABLE MEASURE TO PRESIDENT NIMEIRI'S SUPPORT AND INVOLVEMENT. MR. SCOTT EXPRESSED HIS APPRECIATION FOR THE HOSPITALITY AND GENEROSITY OF THE SUDANESE SECTION. HE SAID THAT THE GENERAL MEETING HAD BEEN MOST PRODUCTIVE, AND THAT THE VISITS TO THE KENANA PROJECT, THE GEZIRA SCHEME, THE BLUE NILE SPINNING AND WEAVING COMPANY AND UNION CARBIDE'S BATTERY PLANT HAD GREATLY EXPANDED THE AMERICAN DELEGATION'S AWARENESS OF THE GREAT POTENTIAL FOR JOINT VENTURES. MR. EL BASHIR THANKED THE DELEGATES FOR THE IMPORTANT CONTRIBUTIONS THEY HAD MADE TO THE SUCCESS OF THE MEETING, AND ACCEPTED MR. SCOTT'S INVITATION TO CONVENE A JOINT EXECUTIVE COMMITTEE MEETING IN THE UNITED STATES IN JUNE OF 1978, AND TO HOLD THE SECOND GENERAL MEETING IN WASHINGTON IN DECEMBER OF 1978.

13. THE COCHAIRMEN AGREED THAT THE INAUGURAL MEETING HAD CREATED A STRONG FOUNDATION FOR THE COUNCIL, AND SAID THAT THE COUNCIL WOULD BECOME A VALUABLE SOURCE OF ADVICE TO THE TWO GOVERNMENTS ON ECONOMIC POLICIES DEALING WITH THE BILATERAL RELATIONSHIP, AS WELL AS A CATALYST FOR STRENGTHENING AND EXPANDING THOSE RELATIONS.
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PAGE 03 KHARTO 00786 02 OF 02 230934Z

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Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

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EO Systematic Review
20 Mar 2014
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